



MICRO AND SMALL ENTERPRISES AUTHORITY (MSEA)

Presentation by

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Job Creation’**

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What are MSMEs?



Micro Enterprise:

- Employs less than 10
- Turnover of less than Kshs. 500,000

Small Enterprise:

- Employs between 10-49
- Turnover of Kshs. 500-000 – Kshs. 5 Million

Medium Enterprise:

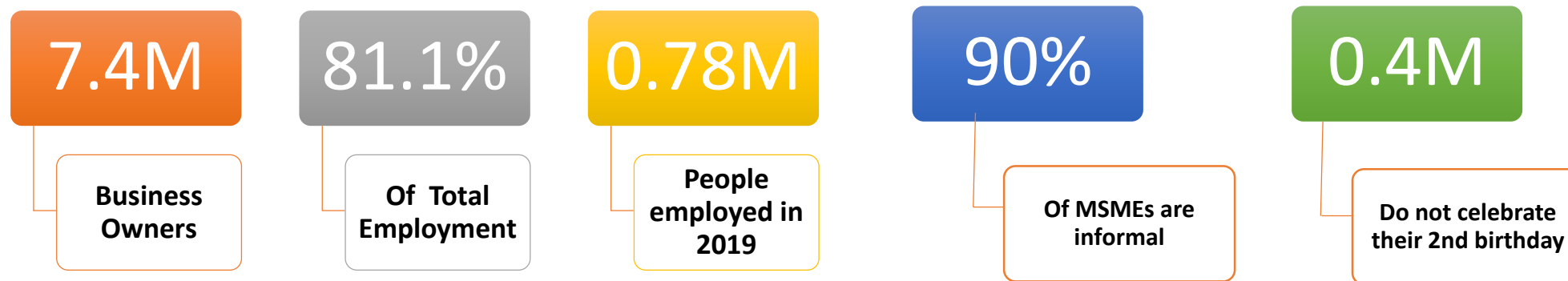
- Employs between 50-99
- Turnover of Kshs. 5 Million – Kshs. 800 Million





Where we are today?

Kenya's MSMEs and their contribution to the economy by the numbers:

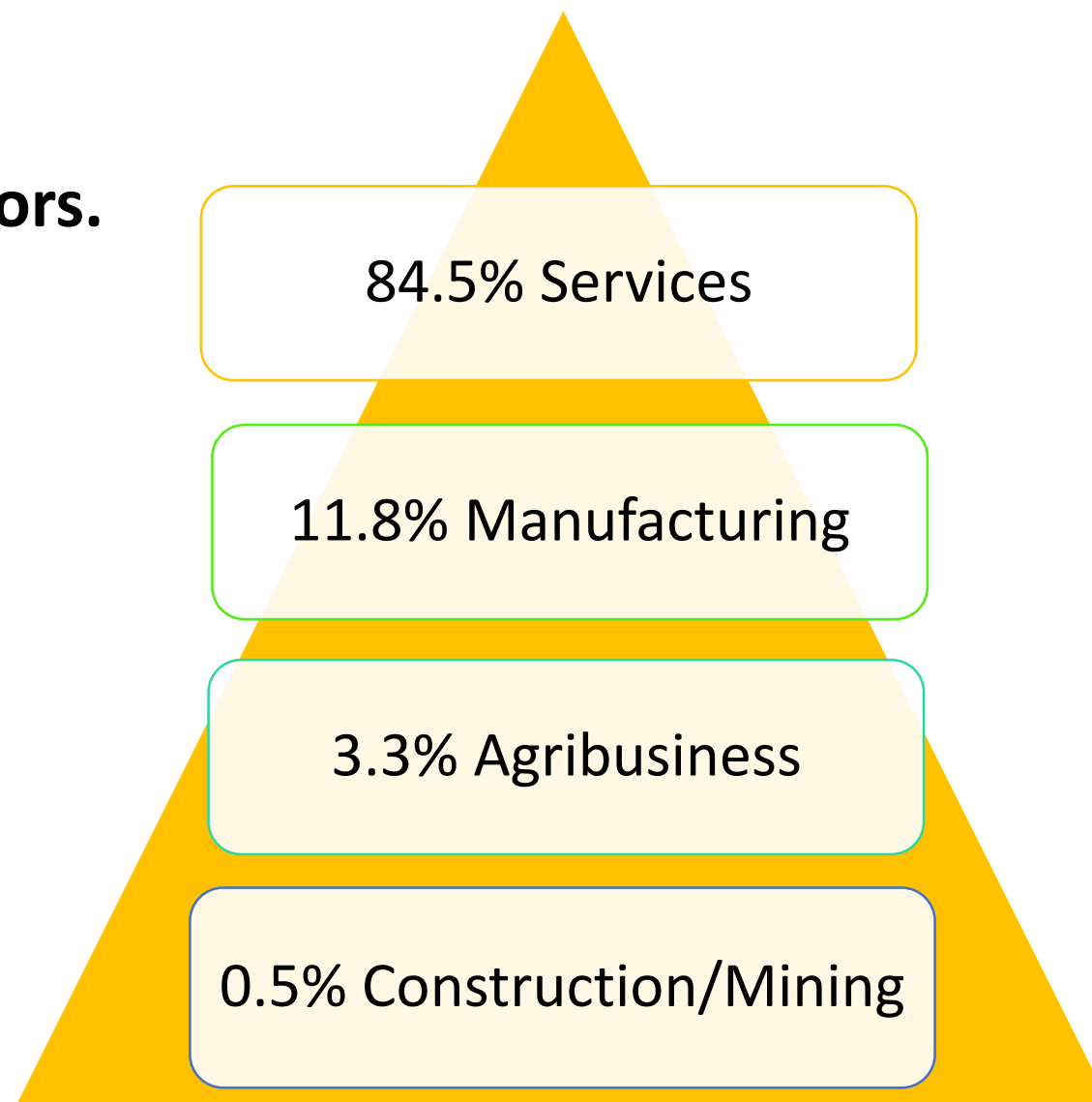


- Though largely characterized by fragmentation, diversity and informality, MSMEs are the backbone to Kenya's economy.
- SMEs contributed 3% to Kenya's overall GDP growth which stood at 6.4% in 2017.



Where we are today?

MSMEs distribution across sectors.





Challenges facing MSMEs and affecting their survivability.

Where we are today?





What is currently being done?

Stakeholders solving MSME challenges:

- ✓ In response to the highlighted challenges, several stakeholders in the **public** and **private sector** have programs and initiatives offering potential solutions.
- ✓ Much of this is already visible as there have been substantial investments made in technology with **digital infrastructure**, **policy readiness** that embraces inclusion of the sector as well the democratization of **financial access**.
- ✓ It's only a matter of time before an inclusive ecosystem that will enable Kenya's MSMEs to readily access networks, knowledge, policy benefits and most importantly, capital comes together.



What is currently being done?

BIG PICTURE GOVERNMENT INITIATIVES AIMED AT SUPPORTING MSMES:



Kenya Vision 2030:

Kenya Vision 2030 aims to transform Kenya into a newly industrializing, middle-income country providing a high quality of life to all its citizens by 2030.



Buy Kenya Build Kenya:

A campaign aimed at promoting local industries and fostering patriotism and preference for Kenyan goods and services as a means of supporting the domestic economy



The Big 4 Agenda:

The Big Four Agenda comprises of Food Security; Affordable Housing; Affordable Healthcare and Manufacturing which seeks to raise GDP contribution to 15% by 2022.



What is currently being done?

Public Policy and Government Initiatives aimed at supporting MSMEs



Subcontracting Policies: Ministry for Industrialization, Trade And Enterprise Development is developing a subcontracting policy which will govern contractual arrangements between large companies that source goods for their finished products and smaller local companies that supply them.



Access to Government Procurement Opportunities (AGPO): AGPO program will facilitate the youth, women and persons with disability-owned enterprises to be able to participate in government procurement opportunities.



African Continental Free Trade Agreement: The agreement was brokered by the [African Union](#) (AU) and was signed on by 44 African Countries. The agreement initially requires members to remove [tariffs](#) from 90% of goods, allowing free access to commodities, goods, and services across the continent.



MSE Fund: Is currently being operationalized that will finance MSE development, guarantee and offer affordable and accessible credit. Finance research, development, innovation and transfer of technology in the MSE sector.



What is currently being done?

Public/Private Sector Partnership Initiatives aimed at supporting MSMEs:



Stawi: The stawi initiative by CBK and Kenya Bankers Association will improve digital access to credit aimed at growing or improving their business.



Kenya Industry and Entrepreneurship Project (KIEP): A US\$50 million project implemented by the government and World Bank to increase innovation and productivity in select private sector firms including startups, SMEs, incubators, accelerators, technology bootcamp providers, etc.) through financial grants and technical assistance.



Stawisha is a multiagency initiative comprising of five agencies KIE, MSEA, KNTC, ICDC and IDB to steer the Sh4 billion Stawisha Mashinani program to enable access of credit to start-ups at the grassroots level.



IFC SME Solutions Centers: An integrated package of small business-focused services under one roof supporting SMEs at different stages of business development to enable them to improve their business processes, human resources, structures, and products and



Stakeholders shared vision for MSMEs contribution to the economy:

Stakeholders across the board are working hard to enable local MSMEs to scale their contribution to the economy by creating large scale industries.



****Big Manufacturing***



****Value-addition***



****Exporting***



****Franchising***



Micro and Small Enterprise **Authority** (MSEA):

- ✓ Micro and Small Enterprise Authority (MSEA) is a state agency domiciled under the **Ministry of Industrialization, Trade and Enterprise Development**.
- ✓ MSEAs mission is to facilitate **policies** and **processes** which **promote the development of competitive and sustainable Micro and Small Enterprises**.

Recognizing the MSME sector is **largely informal**, {**90% of all MSMEs are informal**}, MSEAs work is geared toward formalization of these enterprises with the goal of boosting:

1. **Economic growth** and **better working conditions**
2. Increased **compliance- tax collection, labor laws**
3. Enabled access to **financing, markets, and social benefits**



MSEA's role in the Big 4 Agenda

As a point of entry, **MSEA** will play a major role in facilitating participation of MSEs in the Big 4 Agenda either directly or indirectly.

Affordable Housing



Provide a National MSE one stop Centre for housing, finishes and furniture for AHP project i.e. (Ngong Road Project)

Manufacturing



Provide common manufacturing facilities with equipment **for agro-processing, leather and textiles** in each constituency.

Food Security



Support MSEs in food manufacturing from **packaging to post harvest prevention, food processing** to increase shelf life of products.

Universal Healthcare



UHC presents opportunities for MSEs either directly or indirectly e.g. making hospital beds, supplying pharmaceutical supplies gauze, medical spirit etc.



MSEAs current programs impacting MSMEs

Kenya Youth Employment Opportunities Project (KYEOP).

A Government of Kenya Project funded and implemented in collaboration with the World Bank.

The project aims at **increasing employment** and **earnings opportunities** for targeted youths by providing training, business financing and relevant labor market information.

Target beneficiaries:

- ✓ Youth between 18 and 29 years of age
- ✓ With up to a Form 4 education
- ✓ Unemployed
- ✓ For Business Plan Competition(BPC) the target is 18-35 years.





MSEAs current programs impacting MSMEs

Kenya Youth Employment Opportunities Project (KYEOP)



MSEA is implementing **Component 2** of the project on ‘**support for job creation**’ which will address key constraints and market failures that limit the demand for youth employment and their productivity once in employment.

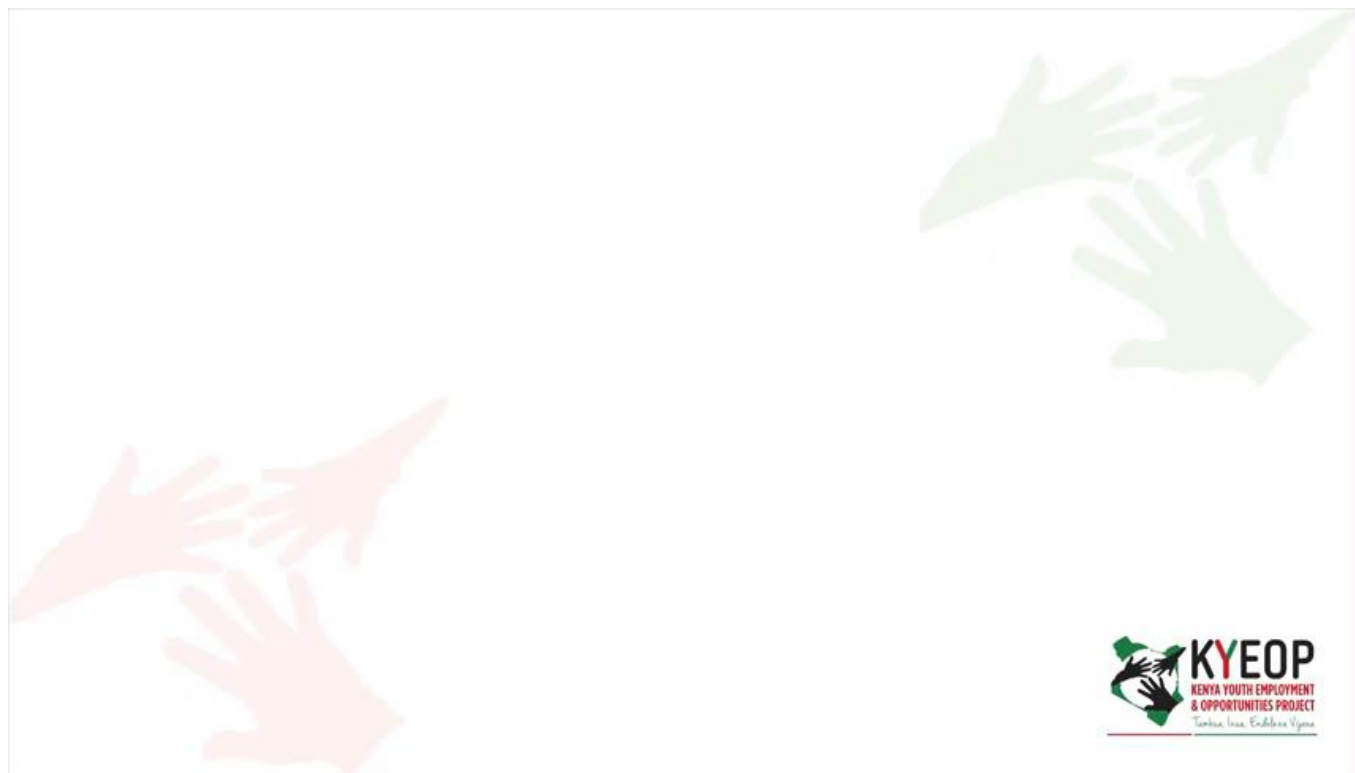
Its initiatives include:

- ✓ Start up **Grants** worth **Ksh. 40,000** per youth.[1.2B]
- ✓ Targets **30,000** youths
- ✓ **17 counties** (Bungoma, Kisii, Kakamega, Kisumu, Migori, Turkana, Nakuru, Nyandarua, Kiambu, Kitui, Machakos, Kwale, Kilifi, Mombasa, Wajir, Mandera and Nairobi.)
- ✓ **Business Development Services (BDS)** – business counseling for youth interested in growing their business. Both Non Digital(classroom) and Digital.



MSEAs current programs impacting MSMEs

Testimonial





MSEAs current programs impacting MSMEs

Infrastructure Development:

Kariobangi Center of Excellence is an **incubation center** for MSE operators/startups seeking to improve their grow their businesses and competence. The center hosts biashara center which brings govt. services closer to MSEs.



***Training of JuaKali artisans on the lathe machine at Kariobangi Center of Excellence**



MSEAs current programs impacting MSMEs

Provision of worksites for MSE Development:

MSEA has set aside land for MSE development in collaboration with County Governments.

Affordable housing programme (products by MSEs)



*Agricultural machinery and football goal nets manufacturing at Maragua CIDC



MSEAs current programs impacting MSMEs

Business Development Services and Marketing Support:

Facilitate MSEs access to Markets through County, Local, Regional and International Exhibitions and Trade Fairs (ASK Shows , EAC MSME TRADE Fair). This ensures the products and services made by MSEs get a market. Also promotes networking as well as forward and backward linkages.





Way Forward:

Recommendations for stakeholders.

FINANCIAL

To alleviate financing gaps, MDA's need to collaborate with financial institutions to expand access to credit services for MSMEs

De-emphasis on lending based on collateral and instead find creative strategies sensitive to smaller businesses.

POLICY

Government agencies need to harmonize various business license requirements that serve regulatory functions instead of being revenue sources.

A multiagency approach is required to ensure SME's can access critical business development services such as capacity building, business advisory and incubation support.

More emphasis on local content for public projects

Additional support and services for marginalized MSME participants: Support for Women and disadvantaged groups such as PWD.

INNOVATION

Promote innovation and development of products by micro and small enterprises.

Promote schemes which advocate the use of Energy Efficient Technologies (EETs) in manufacturing so as to reduce the costs of production.

PRODUCT DEVELOPMENT AND MARKETING

Promote innovative tools of marketing such as online tools



So how will we all play a role in supporting MSMEs to transform Kenya for the next decade?

Stage 1: Start-Up

- *Incubation support*
- *Business training and capacity building*
- *Product development*
- *Access to capital*





So how will we all play a role in supporting MSMEs to transform Kenya for the next decade?

Stage 2: Scaling

- *Access to capital*
- *Growing export customer demand*
- *Strong cash flow & high working capital*





So how will we all play a role in supporting MSMEs to transform Kenya for the next decade?

Stage 3: Maturity

- *Efficient supply chain management*
- *Franchising*
- *Profitable product lines*





Call to action

Let's all work together in
'Catalyzing MSMEs growth for job and wealth creation'





Entrepreneurship Transforming Kenya

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Thank you!